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AFT Healthcare

Testimony of
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Public Health Committee Public Hearing
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HB 5211 An Act Concerning Certificates of Need
HB 5174 An Act Concerning Salaries for Nonprofit Hospital Administrators

Good afternoon Senator Gerratana, Representative Ritter, and members of the Public Health Committee. My name is Heidi Kolle and I am President of the Windham Memorial Community Hospital Employees United AFT Local 5099 and I provide patient access services in Emergency Room at Windham Hospital where I've worked for the last 25 years. Thank you for the opportunity to submit written testimony today in favor of HB 5211 An Act Concerning Certificates of Need and HB 5174 An act Concerning Salaries for Nonprofit Hospital Administrators.

HB 5211 An Act Concerning Certificates of Need

When Hartford HealthCare's executives first announced its planned cuts at Windham Hospital back in June, as caregivers, we stood up and spoke out. They intended to close the Critical Care Unit, the Sleep Lab, the Sleep Clinic and the Wound Care Center, among others. Not only would this impact employment at the hospital, but it would also reduce the level of essential health care services that have been accessible to this community for generations.

We were concerned that under Hartford HealthCare's proposed changes, many would be transferred to other facilities for higher levels of care. As healthcare providers, we understand the importance of family involvement in the recovery process of a patient, so we were particularly worried about what that would mean for the families of patients who do not have the ability to travel to Backus Hospital in Norwich, or more likely, Hartford Hospital, when a love one is sick or hurt.

In July, we moved hospital management to agree to postpone the cuts and discuss their proposed changes at the negotiating table. While we were unsuccessful in these efforts to reach an acceptable resolution for keeping our patients in Windham, we continued to fight.

We held and participated in community forums and meetings to let the public know how Hartford HealthCare actions would negatively impact patient access and patient care. The response was overwhelming from residents, community groups, local elected officials and our state legislators.

My colleagues, together with community members and advocates, collected over 3,000 petition signatures from Windham residents. The message was clear: Don't cut vital services and caregivers at our community hospital while millions are being handed out to your executives in

bonuses and incentives. These petitions were delivered to Hartford HealthCare and the Office of Healthcare Access (OHCA). Unfortunately, they fell on deaf ears.

In the end, Hartford HealthCare was able to reduce services at Windham Hospital because the hospital it claimed it was not ending services, but rather reclassifying the level of services. OHCA believed them, without performing the due diligence required in a formal Certificate of Need (CON) application. Now our community hospital will never be the same.

HB 5211 would prevent a disgrace such from happening to any other community. It would require a full CON application for any reduction of specialty services, including critical care, and would require that OHCA take community needs assessments into consideration. It would also allow the affected community to appeal OHCA's decision. None of these measures were available to the Windham community.

In order to further strengthen community and patient protections in this bill, I would ask that you consider requiring a full CON application for any reduction or reclassification of all inpatient or outpatient services, not just specialty services. In addition to requiring OHCA to consider community needs assessments, please make sure the availability and reliability of public transportation be part of its access review.

In Windham, had a full CON been required, perhaps OHCA would have made a different decision. We will never know because the hospital misrepresented the changes they proposed and then executed, and the community has suffered. I urge you to make the needed changes to the statue to prevent a reoccurrence of this situation. Please support HB 5211.

HB 5174 An Act Concerning Salaries for Nonprofit Hospital Administrators

Our union also supports HB 5174 An Act Concerning Salaries for Nonprofit Hospital Administrators and applauds the Public Health Committee for raising it. Because the hospital system that took over our community hospital is putting profits ahead of patient care, we strongly believe that we should cap hospital executive compensation and stop hospitals from subsidizing exorbitant compensation packages with taxpayer dollars intended for patient care.

Beginning in June, we looked closely at the financial records of both Hartford HealthCare and Windham Hospital going back to their affiliation. In 2008, the same year it was taken-over by Hartford HealthCare, Windham Hospital reported a positive fund balance of over $12 million. But just one year later, the reported balance was more than $21 million in the negative. By 2012, the hospital's reported balance was more than $44 million in the negative -- a loss of over $56 million in just four years.

At the same time, Hartford HealthCare's top executives were raking in millions in salaries, bonuses and incentives. Eighteen of their top executives take home a total of $12.8 million in annual compensation and the CEO alone receives a bonus that is 12 times greater than the average household income in Windham! It leads all of us to wonder why top administrators would be so handsomely rewarded while allowing our community hospital to bleed money. They should be putting patients before profits.

We cannot accept vital service and caregiver cuts at our community hospitals when millions are being handed out in bonuses and incentives to administrators. CEOs and top executives of our

AN ACT CONCERNING COMPENSATION FOR HOSPITAL EXECUTIVES

Be it enacted by the Senate and House of Representatives of the General Assembly convened:

Section 1. (NEW) *(Effective July 1, 2016)*:

(A) For purposes of this section:

(1) "Awards and bonuses" means compensation and benefits, in cash or in-kind, other than salary and wages, paid directly or indirectly to an executive as compensation for the performance of services.

(2) "Executive" includes (i) chief executive officer; (ii) chief financial officer; (iii) president; (iv) vice president; (v) hospital administrator; or (vi) individual who works as an employee or an independent contractor and who has executive, managerial or administrative authority over a hospital, a health system or an outpatient facility operating under a hospital's license. "Executive" does not include an individual if fifty percent or more of the individual's work for the hospital, health system or outpatient facility is providing direct patient care or the direct supervision of staff who work exclusively at providing direct patient care.

(3) "Health system" has the same meaning set forth in section 33-182aa(4).

(B) No hospital operating in the state of Connecticut shall provide salary and wages, awards and bonuses, as defined in Section 1 (A)(1), and any other compensation to executives, as defined in Section 1 (A)(2), that when combined exceeds twenty times the combined salary and wages, awards and bonuses and any other compensation provided to the lowest paid full time employee of the hospital.

(C) No health system operating in the state of Connecticut shall provide salary and wages, awards and bonuses, as defined in Section 1 (A)(1), or any other compensation to executives, as defined in Section 1 (A)(2), that when combined exceeds twenty times the combined salary and wages, awards and bonuses and any other compensation provided to the lowest paid full time employee of the all hospitals belonging to the health system.

(D) No hospital operating in the state of Connecticut shall provide awards and bonuses, as defined in Section 1 (A)(1) to executives, as defined in Section 1 (A)(2), for any year in which such hospital is penalized for patient safety lapses, including avoidable infections, medical errors and other adverse events by the Centers for Medicare and Medicaid Services as required by the Hospital-Acquired Condition Reduction Program.

(E) No health system operating in the state of Connecticut shall provide awards and bonuses, as defined in Section 1 (A)(1) to executives, as defined in Section 1 (A)(2), for any year in which any member hospital is penalized for patient safety lapses, including avoidable infections, medical errors and other adverse events by the Centers for Medicare and Medicaid Services as required by the Hospital-Acquired Condition Reduction Program.

community hospitals should lead by example and be held to a higher standard in exchange for the benefit of their hospitals' tax-exempt status.

HB 5174 reigns in non-profit hospital executive pay and joins states like New York, Maine, Massachusetts, Oregon and California in attempts to do so. We urge you to support this bill and make it stronger with enhancements AFT Connecticut has suggested, which are attached to my testimony:

- Add an express inclusion of hospital system executives. As the bill is currently written, executives from Hartford HealthCare and Yale New Haven Health System, the biggest offenders, would be exempt.

- Tie hospital executive compensation to quality and patient outcomes. In years when hospitals or hospital systems are fined by Medicare for excessive errors, safety lapses and adverse events, no executive should receive any bonus.

- Limit compensation to twenty times the wages paid to the lowest paid full-time employee. For hospitals or hospital systems that pay their lowest paid workers minimum wage, the maximum annual executive compensation would be just over $399,000.

- Add additional penalties for violators to benefit the General Fund. Such penalties could include the reduction or suspension of property tax exemptions; reductions in Medicaid payments; or monetary fines equivalent to the total salary, awards and bonuses and benefits paid to executives.

Thank you.

Section 2. Section 19a-649(c) of the general statutes is repealed and the following is substituted in lieu thereof *(Effective July 1, 2016)*:

(a) The office shall review annually the level of uncompensated care provided by each hospital to the indigent. Each hospital shall file annually with the office its policies regarding the provision of charity care and reduced cost services to the indigent, excluding medical assistance recipients, and its debt collection practices. A hospital shall file its audited financial statements not later than February twenty-eighth of each year. Not later than March thirty-first of each year, the hospital shall file a verification of the hospital's net revenue for the most recently completed fiscal year in a format prescribed by the office.

(b) Each hospital shall annually report, along with data submitted pursuant to subsection (a) of this section, (1) the number of applicants for charity care and reduced cost services, (2) the number of approved applicants, and (3) the total and average charges and costs of the amount of charity care and reduced cost services provided.

(c) Each hospital recognized as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, shall, along with data submitted annually pursuant to subsection (a) of this section, submit to the office (1) a complete copy of such hospital's most-recently completed Internal Revenue Service form 990, including all parts and schedules; and (2) in the form and manner prescribed by the office, data compiled to prepare such hospital's community health needs assessment, as required pursuant to Section 501(r) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, provided such copy and data submitted pursuant to this subsection shall not include: (A) Individual patient information, including, but not limited to, patient-identifiable information; (B) information that is not owned or controlled by such hospital; (C) information that such hospital is contractually required to keep confidential or that is prohibited from disclosure by a data use agreement; or (D) information concerning research on human subjects as described in section 45 CFR 46.101 et seq., as amended from time to time.

(d) Each hospital and health system must report annually to the Office of Health Care Access in the form and manner prescribed by the office, a list of its ten lowest paid full time employees, job titles, salary, awards and bonuses, fringe benefits and any other compensation.

Section 3. (NEW) *(Effective July 1, 2016)*. (1) In addition to any other liability or penalty provided by law, the Office of Health Care Access, in conjunction with the Department of Social Services, may impose a civil penalty on a hospital or health system that (a) does not comply with Section 1 of this act; or (b) fails to report as required by section 2.

(2) Penalties may include (a) the reduction or suspension of property tax exemptions; (b) reductions in Medicaid payments; (c) a monetary fine equivalent to the total salary, awards and bonuses and benefits paid to executives that do not comply with section 1 of this act; or (d) any other monetary penalty determined by the Office of Health Care Access.

(3) All penalties recovered under this section shall be paid into the State Treasury and credited to the General Fund.